

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

BAYER AG and BAYER)	
CORPORATION,)	
)	
Plaintiffs,)	
)	
v.)	Civil Action No. 01-148-SLR
)	
HOUSEY PHARMACEUTICALS,)	
INC.,)	
)	
Defendant.)	

MEMORANDUM ORDER

At Wilmington this 20th day of June, 2002, having reviewed the papers submitted in connection with the various discovery motions;

IT IS ORDERED that:

1. Plaintiffs' motion to compel the production of documents withheld on grounds of privilege and to compel answers to deposition questions. (D.I. 138)

a. The motion is granted with respect to the redacted portions of the invention reports. Defendant has produced redacted versions of its invention reports in order to share the "original scientific research information supporting the Housey patents." (D.I. 144 at 6) According to defendant, "[t]hese unredacted versions of Housey's invention reports also disclose otherwise privileged communications limited to the issues of conception and reduction to practice." (Id.) The

question is whether, as defendant suggests, the waiver of privilege is appropriately limited to the subjects of conception and reduction to practice without extending to the subject of ownership of the patented inventions, an issue very much in dispute instantly. In the context of the invention reports, the court concludes that the issue of ownership is so intertwined with the issues of conception and reduction to practice that the waiver cannot be limited in the fashion suggested by defendant. As recognized by the Federal Circuit, "[c]onception is the touchstone of inventorship." Burroughs Wellcome Co. v. Barr Labs., Inc., 40 F.3d 1223, 1227 (Fed. Cir. 1994). Therefore, the conception analysis necessarily involves the question of when and to whom patent rights should attach. See id. at 1228-29. The court will not permit defendant to dissect the invention reports so that only those parts of the inventive process that support its position are disclosed, otherwise using the attorney-client privilege to shield from disclosure relevant information concerning the remainder of the inventive process.

b. The motion is granted with respect to the advice of counsel given in connection with the statement made to the Progenics stockholders, that is: "While Dr. Housey has been advised by patent counsel that such claims are without legal foundation, there can be no guarantees that such claims will not be asserted." (D.I. 140, Ex. 3) Although the court does not

believe this statement effects a wholesale waiver as to the subject matter of ownership, the fact that the substance of the advice was disclosed to third parties and that Dr. Housey benefitted from such disclosure does constitute a waiver as to the exact advice given by patent counsel in this regard.

c. The motion is denied in all other respects.

2. Plaintiffs' motion to limit the introduction of evidence. (D.I. 145) If not mooted by the court's decision above, the court will grant this motion as follows: If defendant does not produce the requested evidence supporting the existence of experiments and other data disclosed in the patents in suit, defendant shall be precluded from relying on that evidence at trial and plaintiffs shall be permitted to argue the negative inference that such experiments were not performed by Dr. Housey and/or did not generate the data disclosed in the patents in suit.

3. Defendant's motion to compel the production of plaintiffs' unredacted research documents reflecting financial expenditures and documents reflecting financial analyses. (D.I. 151) Said motion is denied, as it lacks a D. Del. L.R. 7.1.1 statement.

4. Defendant's motion to compel full disclosure from third-party fact witnesses retained by plaintiffs and Roche. (D.I. 149) This motion is granted, to the following extent: As

the court understands the papers submitted, all of the "third-party fact witnesses" identified by defendant have specific knowledge of allegedly critical facts relating to the issue of ownership of the patents in suit, facts upon which plaintiffs intend to rely. As pointed out by defendant, three of the witnesses (Drs. Weinstein, Hsiao and Johnson) submitted themselves to the jurisdiction of the court when moving for a protective order (D.I. 94), and the fourth witness (Dr. Ueffing) is an expert witness for plaintiffs. Under these circumstances, the court concludes that it has personal jurisdiction over these individuals in connection with this related discovery motion. The court further concludes that, to the extent any of these witnesses will be called at trial by plaintiffs to testify about ownership of the patents in suit, defendant is entitled to fully explore the witnesses' bias, including their compensation and what, if any, work they have been hired to perform in connection with this and related litigation. **On or before June 27, 2002,** plaintiffs shall either have arranged for such disclosure, or shall have informed the court that they do not intend to call these witnesses at trial.

Sue L. Robinson
United States District Judge